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Members of the House Conservation, Forestry and Outdoor Recreation Committee:

My name is Paul Call. I am the Forestry Services Manager for Weyerhaeuser Company in Grayling. We operate an oriented strand board mill at Grayling and a hardwood sawmill in Lewiston. I appreciate the opportunity to be able to comment today on the new forestry legislation that has been introduced to the legislature.

Our country has been blessed with an abundance of natural resources. Our economic success throughout our history has been tied to the use of those resources to create wealth that resulted in economic opportunity for people. Michigan's history is much the same. Look at our iron and copper mining history, our agricultural industry, and our timber industry history. In the late 1800's and early 1900's our northern communities were established, flourished, and in some cases died with the use of the timber resource. Our history has proven that wise use of our natural resources creates economic stability for our communities.

Today we have the knowledge to manage our resources for the long term benefit of our population. Through the resiliency of our forests and the help of forestry professionals and conservation leaders, Michigan's forests have returned to a point where they can again provide more economic benefit than in the past. Our forests are growing three times the amount of timber that is harvested each year. Michigan has the largest surplus of timber of any state in the country, yet we import forest products every day to meet the needs of our citizens. We have the resources, the people, and the ability to provide much more, while improving the economic stability of our local communities and the state as a whole.

For these reasons, we at Weyerhaeuser support the general concepts of the proposed legislation. The bills, if enacted into law, would help to maintain existing jobs and create potential opportunities for new job creation.

Wood costs in the Lakes States are among the highest in the country, due primarily to a relative shortage of timber on the market. These high wood costs adversely affect our competitiveness in the global market and put existing and potential future jobs at risk. The bills regarding private forest landowner tax incentives, the Commercial Forest Act, and the factor limits all address this issue in different ways. Together, these bills would have significant long term impacts on the wood supply/cost issue.

The bill that would create forest product renaissance zones could help to retain some existing industry and would help to attract new industry to the state.

I would like to spend the remainder of my time commenting on the private forest landowner tax incentive bill for several reasons. 55% of Michigan's forestland is owned by private non industrial owners, which amounts to 10 million acres. 75% of the wood that we use at both of our mills is harvested from private forestland. With 10 million acres, private landowners have a significant impact not only on wood supply, but also wildlife habitat, and tourism. The management that

occurs, or does not occur, on private lands has a huge impact on many things that we value as Michigan citizens. At Weyerhaeuser, we have a vested interest in management of those lands.

The majority of current harvesting activities on private land are done well. However, some practices could be greatly improved through the use of professional forestry advice. In addition to improving some of the current management, I believe this legislation would interest landowners who currently are not managing their forests to become active land managers.

We support the basic idea of the legislation. Conversion of forestland to other uses and the parcelization of forestland are very real long term issues for wood supply, wildlife, and tourism. This legislation would address those two issues directly. If enacted, this law would help to maintain larger land parcels intact by easing the property tax burden on those landowners who wish to manage their forests for the long term.

The idea of giving property tax relief to landowners that actively manage their forestlands makes sense from many perspectives. Healthy productive forests benefit all of society, not just the person who owns the land. As I mentioned, wildlife habitat can be improved which has benefits that cross property lines. When forests are actively managed, jobs are created or maintained in the harvesting, transportation, and processing of the raw material. Secondary manufacturing, marketing, and delivery to customers also create economic activity. All of these activities have spin off impacts to other businesses.

I do have two significant concerns with the legislation as drafted. First, I think it needs to be absolutely clear in the legislation that in order to qualify for the tax incentive, that the property must have a management plan written by a professional forester, but that the plan must be implemented and the recommended practices must be completed according to the plan. Implementation is the key to getting the benefits for the land and for society, and that is the reason for the tax break in the first place.

The second concern I have is that this legislation will create a tremendous amount of administrative and oversight work. There will be applications, review of management plans, on-site visits to verify plans and qualifications for the program, inspection of practices to make sure that implementation is happening according to the plan, and finally a process to eliminate non-complying properties from the program. There needs to be provisions for staffing made at the beginning. It is unreasonable to expect current DNR staff to pick up these responsibilities. If no additional staffing is allowed for, the result would be the inability to complete current responsibilities such as the timber sale program.

There are some other technical revisions that we will be recommending as the process moves along, but in the interest of time I will not cover here. Again, we feel that this is good legislation will yield tangible benefits for the people of Michigan. It is an idea that has been debated for many years and now seems to be the time to make it reality. Thank you for your attention this morning and for this opportunity.